



***Beaver Street and Dale Avenue
Bundled #2 Improvements Project***

PROJECT NUMBER: 03-16009
ACCOUNT NUMBER: 046-05-116-3345-6-4381

***CONSTRUCTION MANAGER AT RISK
Design Phase Services***

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City of Flagstaff, Arizona

BEAVER STREET AND DALE BUNDLE #2 IMPROVEMENTS CONSTRUCTION MANAGER AT RISK DESIGN PHASE SERVICES PROJECT NO. 2016-54

THIS Agreement (the "Agreement"), made and entered by and between The City of Flagstaff, an Arizona municipal corporation, hereinafter designated the ("City") and Eagle Mountain Construction, an Arizona corporation, hereinafter designated the ("Construction Manager at Risk" or [CMAR](#)) is entered into on this ____ day of _____, 20____.

RECITALS

- A. The City Manager of the City of Flagstaff, Arizona, is authorized and empowered by provisions of the City Charter to execute agreements for professional services and construction services.
- B. The City intends to construct Beaver Street and Dale Avenue Bundle #2 Improvements Project, as more fully described in Exhibit "A" attached, hereinafter referred to as the ("Project").
- C. To undertake the design of said Project the City has entered into a Agreement with The WLB Group, Inc. hereinafter referred to as the ("Design Professional").
- D. CMAR has represented to the City the ability to provide design phase services and to construct the Project.
- E. Based on this representation, the City intends to enter into an Agreement with CMAR for the design phase services identified in this Agreement. At the end of the design phase, at the City's discretion, the City may enter into a separate construction agreement with CMAR for construction phase services.

AGREEMENT

NOW THEREFORE, for and in consideration of the mutual covenants and considerations hereinafter contained, it is agreed by and between the City and CMAR as follows:

ARTICLE 1 – TERMS AND DEFINITIONS

"Addenda" – Written or graphic instruments issued prior to the submittal of the GMP Proposal(s), which clarify, correct or change the GMP Proposal(s) requirements.

"Agreement (Contract)" – This written document signed by the City and CMAR covering the design phase of the Project, and including other documents itemized and referenced in or attached to and made part of this Agreement.

"Alternate Systems Evaluations" – Alternatives for design, means and methods or other scope considerations that are evaluated using value engineering principles which have the potential to reduce construction costs while still delivering a quality and functional Project that meets the City requirements.

"Change Order" – A type of Contract amendment issued after execution of the Contract Documents where unanticipated or unforeseen circumstances in the Work have been encountered. Each change Order shall be signed by the City and CMAR, stating their agreement upon all of the following: the addition, deletion or revision

in the scope of services or Deliverables; the amount of the adjustment to the Contract Amount; the extent of the adjustment to the Contract Time; or modifications of other Agreement terms.

"City (Owner)" -- The City of Flagstaff, a municipal corporation, with whom CMAR has entered into this Agreement and for whom the services are to be provided pursuant to said Agreement.

"City's Representative" – The designated City Project Manager.

"City's Senior Representative" – The City of Flagstaff's designated Division/Department Head.

"Construction Contract Time(s)" – The number of days or the dates related to the construction phase that as stated in Construction Documents applies to the achievement of Substantial and final Completion of the Work.

"Construction Documents" - Certain plans, specifications and drawings prepared by the Design Professional after correcting for permit review requirements or dated plans and specifications specifically identified as the ("Construction Documents") herein or in an Exhibit or Addendum which is attached hereto.

"Construction Fee" – CMAR's administrative costs, home office overhead, and profit, as applicable to this project, whether at CMAR's principal or branch offices.

"Construction Manager at Risk (CMAR)" – The firm selected by the City to provide the Design Phase Services as detailed in this Agreement.

"CMAR Representative" – CMAR designates Jason Woods as its CMAR Representative.

"CMAR Senior Representative" – CMAR designates Marco Spagnuolo as its Senior Representative.

"Contingency, CMAR's" – A fund to cover cost growth during the Project used at the discretion of CMAR usually for costs that result from Project circumstances. The amount of CMAR's Contingency shall be negotiated as a separate line item in each GMP package. Use and management of CMAR's Contingency is described in Section 2.7.

"Contingency, Owners'" – A fund to cover cost growth during the Project used at the discretion of the City usually for costs that result from the City-directed changes or unforeseen Site conditions. The amount of the Owners' Contingency shall be set solely by the City and shall be in addition to the project costs included in CMAR's GMP packages. Use and management of the Owners' Contingency is described in Section 2.7.

"Contract Amount" – The cost for services for this Agreement as identified in Article 4.

"Contract Documents" – The following items and documents in descending order of precedence executed by the City and CMAR: (i) all written modifications, amendments and Change Orders; (ii) this Agreement, including all exhibits and attachments; (iii) Construction Documents; (iv) GMP Plans and Specifications.

"Cost of the Work" – Direct costs necessarily incurred by CMAR in the proper performance of the Work. The Cost of the Work shall include direct labor costs, subagreement costs, costs of materials and equipment incorporated in the completed construction, costs of other materials and equipment, temporary facilities, permit and license fees, materials testing, and related items. The Cost of the Work shall not include CMAR's Construction Fee, General Conditions Cost, or taxes.

"Critical Path Method" – A scheduling technique used to predict project duration by analyzing which sequence of activities has the least amount of scheduling flexibility thus identifying the path (sequence) of activities which represent the longest time required to complete the project. Delay in completion of the identified activities shall cause a delay in achieving Substantial Completion.

"Day(s)" – Indicates calendar days unless otherwise specifically noted in the Contract Documents.

“Deliverables” – The work products prepared by CMAR in performing the scope of work described in this Agreement. Some of the major Deliverables to be prepared and provided by CMAR during the design phase may include but are not limited to: Construction Management Plan, Project Schedule, Schedule of Values, alternative system evaluations, procurement strategies and plans, cost estimates, construction market surveys, cash flow projections, GMP Proposals, Subcontractor procurement plan, Statement of Proposed Minority Business Enterprise/Women’s Business Enterprise (**“MBE/WBE”**) Utilization as may be required or appropriate, Subcontractor agreements, Subcontractor bid packages, Supplier agreements, and others as indicated in this Agreement or required by the Project Team and other services set forth in this Agreement or reasonably inferable therefrom.

“Design Professional” – A licensed design professional who furnishes design, construction documents, and/or construction administration services required for the Project.

“Drawings (Plans)” – Documents, which visually represent the scope, extent and character of the Work to be furnished and performed by CMAR during the construction phase, and which have been prepared or approved by the Design Professional and the City. Includes Drawings that have reached a sufficient stage of completion and released by the Design Professional solely for the purposes of review and/or use in performing constructability or bidability reviews and in preparing cost estimates (e.g. conceptual design Drawings, preliminary design Drawings, detailed design Drawings at 30%, 60%, 90% or 100% or schematic, design development, construction documents), but *“not for construction”*. Shop Drawings are not Drawings as so defined.

“Final Completion” – 100% completion of all construction Work noted in or reasonably inferred from the Contract Documents, including but not limited to all Punch Lists work, all record and close-out documents specified in Owner’s Project specifications and Owner training/start up activities.

“Float” – Number of Days by which an activity can be delayed without lengthening the Critical Path and extending the Substantial Completion date.

“General Conditions Costs” - Includes, but is not limited to the following types of costs for CMAR during the construction phase: (i) payroll costs for Project manager or CMAR for Work conducted at the Site, (ii) payroll costs for the superintendent and full-time general foremen, (iii) payroll costs for other management personnel resident and working at the Site, (iv) workers not included as direct labor costs engaged in support (e.g. loading/unloading, clean-up, etc.), (v) costs of offices and temporary facilities setup solely for this Project including office materials, office supplies, office equipment and minor expenses, (vi) cost of utilities, fuel, sanitary facilities and telephone services at the Site, (vii) costs of liability and other applicable insurance premiums not included in labor burdens for direct labor costs, (viii) costs of bond premiums, (ix) costs of consultants not in the direct employ of the CMAR or Subcontractors.

“Guaranteed Maximum Price (GMP)” – The sum of the maximum Cost of the Work; the Construction Fee, General Conditions Costs, taxes, and CMAR Contingency.

“GMP Plans and Specifications” – Plans and specifications upon which the Guaranteed Maximum Price Proposal is based.

“Guaranteed Maximum Price (GMP) Proposal” – The offer or proposal of CMAR submitted on the prescribed form setting forth the GMP prices for the entire Work or portions of the Work to be performed during the construction phase. The GMP Proposal(s) are to be developed pursuant to Article 2 of this Agreement.

“Legal Requirements” - All applicable federal, state and local laws, codes, ordinances, rules, regulations, orders and decrees of any government or quasi-government entity having jurisdiction over the Project or Site, the practices involved in the Project or Site, or any Work.

“Notice to Proceed or “NTP” - The directive issued by the City, authorizing CMAR to start Work.

“Opening Physical Conditions” – The current physical conditions present on the Site as jointly documented by an inspection of the Site by City and CM@R at the Pre-construction Conference.

“Payment Request” – The form that is accepted by the City and used by CMAR in requesting progress payments or final payment and which shall include such supporting documentation as is required by the Contract Documents and or the City.

“Pre-construction Conference” – A Conference held between City and CMAR prior to the commencement of any Work, as scheduled by the City’s Representative or designee.

“Project” – Work to be completed in the execution of this Agreement as amended and as described in the Recitals above and in Exhibit “A” attached.

“Project Team” – Design phase services team consisting of the Design Professional, CMAR, the City’s Representative, the City’s Client Department representatives and other stakeholders who are responsible for making decisions regarding the Project.

“Schedule of Values (SOV)” – A statement furnished by CMAR to the City’s Representative for approval, reflecting the portions of the GMP allotted for the various parts of the Work and used as the basis for evaluating CMAR’s applications for progress payments.

“Shop Drawings” – All drawings, diagrams, schedules and other data specifically prepared for the Work by CMAR or a Subcontractor, Sub-Subcontractor, manufacturer, supplier or distributor to illustrate some portion of the Work.

“Site” – Land or premises on which the Project is located.

“Specifications” – The part(s) of the Contract Documents for the construction phase consisting of written technical descriptions of materials, equipment, construction systems, standards and workmanship, as applied to the Work and certain administrative details applicable thereto.

“Subconsultant” – A person, firm or corporation having an agreement with CMAR to furnish services required as its independent professional associate or consultant with respect to the Project.

“Subcontractor” – An individual or firm having a direct agreement with CMAR or any other individual or firm having an agreement with the aforesaid contractors at any tier, who undertakes to perform a part of the design phase services or construction phase Work at the Site for which CMAR is responsible.

“Submittals” – Documents and/or things that may be produced or presented by one party for consideration review or such other actions as may be required by this Agreement by another party, entity or person. Examples of Submittals include, but are not limited to, preliminary or evolving drafts, product data samples, etc.

“Substantial Completion” – The established date when the Work or designated portion thereof is sufficiently complete, in accordance with the Contract Documents so that the Owner may occupy the Work, or designated portion thereof, for the use for which it is intended. This may include, but is not limited to: (i) Approval by the City or State Fire Marshall and/or other state or local authorities having jurisdiction over the Work or a portion thereof (Certificate of Occupancy); (ii) all systems in place, functional, and displayed to, and accepted by, the City or its representative; (iii) City operation and maintenance training complete; (iv) HVAC test and balance completed with reports provided to the Design Professional for review; (v) Operational and Maintenance manuals and final Project Record Documents delivered to the City or Design Professional for review.

“Supplier” – A manufacturer, fabricator, supplier, distributor, materialman or vendor having a direct Agreement with CMAR or with any Subcontractor to furnish materials or equipment to be incorporated in the construction phase Work by CMAR or any Subcontractor.

“Winter Shutdown” – The period of time typically including December through March during which no Work will be performed by any person or entity (including but not limited to the CMAR) on the Project and CMAR shall shutdown, properly insulate and shelter the Project in a safe and workmanlike manner pursuant to local, state and federal laws. Although December through March is typically the time frame, the City reserves the right to initiate and terminate a Winter Shutdown at the City’s sole discretion in the event of adverse weather conditions. A Winter Shutdown may be declared by the City despite delays, *for any reason*, on the Project.

“Work” – The entire completed construction or the various separately identifiable parts thereof, required to be furnished during the construction phase. Work includes and is the result of performing or furnishing labor and furnishing and incorporating materials, resources and equipment into the construction, and performing or furnishing services and documents as required by the Contract Documents for the construction phase.

ARTICLE 2 – BASIC DESIGN PHASE SERVICES

2.1 GENERAL

- 2.1.1 CMAR, to further the interests of the City, shall perform the services required by, and in accordance with this Agreement, to the satisfaction of the City, exercising the degree of care, skill and judgment a professional construction manager performing similar services in Flagstaff, Arizona would exercise at such time, under similar conditions. CMAR shall, at all times, perform the required services consistent with sound and generally accepted construction management and construction contracting practice.
- 2.1.2 Program Evaluation: As a participating member of the Project Team, CMAR shall provide to the City and Design Professional a written evaluation of the City’s Project Program and Project Budget, each in terms of the other, with recommendations as to the appropriateness of each.
- 2.1.3 Project Meetings: CMAR shall attend Project Team meetings which may include, but are not limited to, monthly Project management meetings, Project workshops, special Project meetings, construction document rolling reviews and partnering sessions.
- 2.1.4 CMAR shall provide design phase services, described herein, in a proactive manner and consistent with the intent of the most current Drawings and Specifications. CMAR shall promptly notify the City in writing whenever CMAR determines that any Drawings or Specifications are inappropriate for the Project and/or cause changes in the scope of Work requiring an adjustment in the cost estimate, Project Schedule, GMP Proposals and/or in the Contract Time for the Work, to the extent such are established.
- 2.1.5 CMAR, when requested by the City, shall attend, make presentations and participate as may be appropriate in public agency and or community meetings, germane to the Project. CMAR shall provide drawings, schedule diagrams, budget charts and other materials describing the Project, when their use is required or apropos in any such public agency meetings.

2.2 CONSTRUCTION MANAGEMENT PLAN

- 2.2.1 CMAR may, and at the written request of the City shall, prepare a Construction Management Plan (“CMP”), which may, and at the written request of the City shall, include CMAR’s professional opinions concerning: (a) Project milestone dates and the Project Schedule, including the broad sequencing of the design and construction of the Project, (b) investigations, if any, to be undertaken to ascertain subsurface conditions and physical conditions of existing surface and subsurface facilities and underground utilities, (c) alternate strategies for fast-tracking and/or phasing the construction, (d) the number of separate subagreements to be awarded to Subcontractors and Suppliers for the Project construction, (e) permitting strategy, (f) safety and training programs, (g) construction quality control, (h) a commissioning program, (i) the cost estimate and basis of the model, and (j) a matrix summarizing each Project Team member’s responsibilities and roles.
- 2.2.2 CMAR may, and at the written request of the City shall, add detail to its previous version of the CMP to keep it current throughout the design phase, so that the CMP is ready for implementation at the start of

the construction phase. The update/revisions may, and at the written request of the City shall, take into account (a) revisions in Drawings and Specifications; (b) the results of any additional investigatory reports of subsurface conditions, drawings of physical conditions of existing surface and subsurface facilities and documents depicting underground utilities placement and physical condition, whether obtained by the City, Design Professional or CMAR, (c) unresolved permitting issues, and significant issues, if any, pertaining to the acquisition of land and right of way, (d) the fast-tracking if any of the construction, or other chosen construction delivery methods, (e) the requisite number of separate bidding documents to be advertised, (f) the status of the procurement of long-lead time equipment (if any) and/or materials, and (g) funding issues identified by the City.

2.3 PROJECT MASTER SCHEDULE

- 2.3.1 The fundamental purpose of the “Project Master Schedule” is to identify, coordinate and record the tasks and activities to be performed by all of the Project Team members and then for the Project Team to utilize that Deliverable as a basis for managing and monitoring all member’s compliance with the schedule requirements of the Project. Each Project Team member is responsible for its compliance with the Project Master Schedule requirements. CMAR shall develop and maintain the “Project Master Schedule” on behalf of and to be used by the Project Team based on input from the other Project Team members. The Project Master Schedule shall be consistent with the most recent revised/updated CMP. The Project Master Schedule shall use the Critical Path Method (CPM) technique, unless required otherwise, in writing by the City. CMAR shall use scheduling software to develop the Project Master Schedule that is acceptable to the City. The Project Master Schedule shall be presented in graphical and tabular reports as agreed upon by the Project Team. If Project phasing as described below is required, the Project Master Schedule shall indicate milestone dates for the phases once determined.
- 2.3.2. The Project Master Schedule shall include a Critical Path Method (CPM) diagram schedule that shall show the sequence of activities, the interdependence of each activity and indicate the Critical Path.
 - 2.3.2.1 The CPM diagram schedule shall be in Days and indicate duration, earliest and latest start and finish dates for all activities, and total Float times for all activities except critical activities. The CPM diagram shall be presented in a time scaled graphical format for the Project as a whole.
 - 2.3.2.2 The CPM diagram schedule shall indicate all relationships between activities.
 - 2.3.2.3 The activities making up the schedule shall be in sufficient detail to assure that adequate planning has been done for proper execution of the Work and such that it provides an appropriate basis for monitoring and evaluating the progress of the Work. Formulation of the Project Master Schedule must also be based on the Opening Physical Conditions of the Site and any potential Winter Shutdown in the event the Work on the Project is delayed for any reason.
 - 2.3.2.4 The CPM diagram schedule shall be based upon activities, which would coincide with the schedule of values.
 - 2.3.2.5 The CPM diagram schedule shall show all Submittals associated with each work activity and the review time for each submittal.
 - 2.3.2.6 The schedule shall show milestones, including milestones for Owner-furnished information, and shall include activities for Owner-furnished equipment and furniture when those activities are interrelated with CMAR activities.
 - 2.3.2.7 The schedule shall include a critical path activity that reflects anticipated weather delay during the performance of this Agreement. The duration shall reflect the average climatic range and usual industrial conditions prevailing in the locality of the Site. Weather data shall be based on the information set forth on the City of Flagstaff’s Table of “Monthly Anticipated Adverse Weather Calendar Days” and the explanatory paragraphs attached thereto. (See Section 4.5.5.7 of Construction Agreement)

- 2.3.3 The Project Schedule shall consider the City's and the tenants' occupancy requirements showing portions of the Project having occupancy priority, and Contract Time.
- 2.3.4 Float time shall be as prescribed below:
- 2.3.4.1 The total Float within the overall schedule, is not for the exclusive use of either the City or CMAR, but is jointly owned by both and is a resource available to and shared by both parties as needed to meet Agreement milestones and the Project completion date.
- 2.3.4.2 CMAR shall not sequester shared Float through such strategies as extending activity duration estimates to consume available Float, using preferential logic, or using extensive crew/resource sequencing, etc. Since Float time within the schedule is jointly owned, no time extensions shall be granted nor delay damages paid until or unless a delay occurs which extends the Work beyond the Substantial Completion date.
- 2.3.4.3 Since Float time within the schedule is jointly owned, it is acknowledged that the City-caused delays on the Project may be offset by City-caused time savings (i.e., critical path Submittals returned in less time than allowed by the Agreement, approval of substitution requests and credit changes which result in savings of time to CMAR, etc.). In such an event, CMAR shall not be entitled to receive a time extension or delay damages until all City-caused time savings are exceeded, and the Substantial Completion date is also exceeded.
- 2.3.5 The Project Schedule shall be updated and maintained by CMAR throughout the design phase such that it shall not require major changes at the start of the construction phase to incorporate CMAR's plan for the performance of the construction phase Work. CMAR shall provide updates and/or revisions to the Project Schedule for use by the Project Team, whenever required, but no less often than at the monthly Project Team meetings. CMAR shall include with such Submittals a narrative describing its analysis of the progress achieved to-date vs. that planned, any concerns regarding delays or potential delays, and any recommendations regarding mitigating actions. (See Sections 2.7.6 and 2.7.6.1 of this Agreement)
- 2.3.6 Project Phasing: If phased construction is deemed appropriate and the City and Design Professional approve, CMAR shall review the design and make recommendations regarding the phased issuance of Construction Documents to facilitate phased construction of the Work, with the objective of reducing the Project Schedule and/or Cost of the Work. CMAR shall take into consideration such factors as natural and practical lines of Work severability, sequencing effectiveness, access and availability constraints, total time for completion, construction market conditions, labor and materials availability, and any other factors pertinent to saving time and cost.

2.4 DESIGN DOCUMENT REVIEWS

- 2.4.1 CMAR shall evaluate periodically the availability of labor, materials/equipment, building systems, cost-sensitive aspects of the design; and other factors that may impact the cost estimate, GMP Proposals and/or the Project Master Schedule.
- 2.4.2 CMAR shall recommend, in conjunction with the Project Team, those additional surface and subsurface investigations that, in its professional opinion, are required to provide the necessary information for CMAR to construct the Project. Before initiating construction operations, CMAR may request additional investigations in their GMP Proposal to improve the adequacy and completeness of the Site condition information and data made available with the Construction Documents.
- 2.4.3 CMAR shall meet with the Project Team, as required, to review designs during their development. CMAR shall familiarize itself with the evolving documents through the various design phases. CMAR shall proactively advise the Project Team and make recommendations on factors related to construction costs, and concerns pertaining to the feasibility and practicality of any proposed means and methods, selected materials, equipment and building systems, and, labor and material availability. CMAR shall

advise the Project Team on proposed Site improvements, excavation and foundation considerations, as well as, concerns that exist with respect to coordination of the Drawings and Specifications. CMAR shall recommend cost effective alternatives.

- 2.4.4 CMAR shall conduct constructability and bidability reviews of the Drawings and Specifications as necessary to satisfy the needs of the Project Team and at a minimum as scheduled and identified by milestones in the Project Master Schedule required in Article 2.3 above. The reviews shall attempt to identify all discrepancies and inconsistencies in the Construction Documents especially those related to clarity, consistency, and coordination of Work of Subcontractors and Suppliers.
- 2.4.4.1 Constructability Reviews: CMAR shall evaluate whether (a) the Drawings and Specifications are configured to enable efficient construction, (b) design elements are standardized, (c) construction efficiency is properly considered in the Drawings and Specifications, (d) module/preassembly design are prepared to facilitate fabrication, transport and installation, (e) the design promotes accessibility of personnel, material and equipment and facilitates construction under adverse weather conditions, (f) sequences of Work required by or inferable from the Drawings and Specifications are practicable, and (g) the design has taken into consideration, efficiency issues concerning; access and entrance to the Site, laydown and storage of materials, staging of Site facilities, construction parking, and other similar pertinent issues.
- 2.4.4.2 Bidability Reviews: CMAR shall check cross-references and complementary Drawings and sections within the Specifications, and in general evaluate whether (a) the Drawings and Specifications are sufficiently clear and detailed to minimize ambiguity and to reduce scope interpretation discrepancies, (b) named materials and equipment are commercially available and are performing well or otherwise, in similar installations, (c) Specifications include alternatives in the event a requirement cannot be met in the field, and (d) in its professional opinion, the Project is likely to be subject to differing Site conditions.
- 2.4.4.3 Results of the reviews shall be provided to the City in formal, written reports clearly identifying all discovered discrepancies and inconsistencies in the Drawings and Specifications with notations and recommendations made on the Drawings, Specifications and other documents. If requested by the City, CMAR shall meet with the City and Design Professional to discuss any findings and review reports.
- 2.4.4.4 CMAR's reviews shall be from a contractor's perspective, and though it shall serve to reduce the number of Requests for Information (RFI) and changes during the construction phase, responsibility for the Drawings and Specifications shall remain with the Design Professional and not CMAR.
- 2.4.5 Notification of Variance or Deficiency: It is CMAR's responsibility to assist the Design Professional in ascertaining that, in CMAR's professional opinion, the Construction Documents are in accordance with applicable laws, statutes, ordinances, building codes, rules and regulations. If CMAR recognizes that portions of the Construction Documents are at variance with applicable laws, statutes, ordinances, building codes, rules and regulations, it shall promptly notify the Design Professional and City in writing, describing the apparent variance or deficiency. However, the Design Professional is ultimately responsible for the compliance with those laws, statutes, ordinances, building codes, rules and regulations.
- 2.4.6 Alternate Systems Evaluations: The Project Team shall routinely identify and evaluate using value engineering principles any alternate systems, approaches, design changes that have the potential to reduce Project costs while still delivering a quality and functional product. If the Project Team agrees, CMAR in cooperation with the Design Professional shall perform a cost/benefit analysis of the alternatives and submit such in writing to the Project Team. The Project Team shall decide which alternatives shall be incorporated into the Project. The Design Professional shall have full responsibility for the incorporation of the alternatives into the Drawings and Specifications. CMAR shall include the cost of the alternatives into the cost estimate and any GMP Proposals.

2.5 COST ESTIMATES

- 2.5.1 Unless otherwise agreed by both parties, within fourteen (14) days after receipt of the documents for

the various phases of design, CMAR shall provide a detailed cost estimate and a written review of the documents. The Design Professional and CMAR shall reconcile any disagreements on the estimate to arrive at an agreed cost. If no consensus is reached, the City shall make the final determination.

- 2.5.2 If any estimate submitted to the City exceeds previously accepted estimates or the City's Project budget, CMAR shall make appropriate recommendations on methods and materials to the City and Design Professional that CMAR believes shall bring the Project back into the Project budget.
- 2.5.3 In between these milestone estimates, CMAR shall periodically provide a tracking report, which identifies the upward or downward movements of costs due to value engineering or scope changes. It shall be the responsibility of CMAR to keep the City and Design Professional informed as to the major trend changes in costs relative to the City's budget.
- 2.5.4 If requested by the City, CMAR shall prepare a preliminary "cash flow" projection based upon historical records of similar type projects to assist the City in the financing process.

2.6 *Section left intentionally blank*

2.7 **GUARANTEED MAXIMUM PRICE (GMP) PROPOSALS**

- 2.7.1 The proposed GMP for the entire Work (or portions thereof) shall be presented in a format acceptable to the City (see Exhibit "C" attached). The City may request a GMP Proposal for all or any portion of the Project and at any time during the design phase. Any GMP Proposals submitted by CMAR shall be based on and consistent with the current update/revised cost estimate at the time of the request, the associated estimates for construction costs and include any clarifications or assumptions upon which the GMP Proposal(s) are based. CMAR guarantees to complete the Project at or less than the final approved GMP Proposal amount, plus approved Change Orders, and agrees that it shall be responsible for any increase in the actual cost of the Work above that amount.
- 2.7.2 Guaranteed Maximum Price is comprised of the following not-to-exceed cost reimbursable or lump sum amounts defined below.
 - 2.7.2.1 The Cost of the Work is actual costs and is a not-to-exceed, reimbursable amount.
 - 2.7.2.2 The General Conditions Costs and the Construction Fee are firm fixed lump sums.
 - 2.7.2.3 CMAR's Contingency is an amount CMAR may use under the following conditions: (1) at its discretion for increases in the Cost of the Work, or (2) with written approval of the City for increases in General Condition Costs. CMAR's Contingency is assumed to be a direct Project cost so all applicable markups shall be applied at the time of GMP submission.
 - 2.7.2.4 Taxes are deemed to include all sales, use, consumer and other taxes, which are legally enacted when negotiations of the GMP were concluded, whether or not yet effective, or merely scheduled to go into effect. Taxes are actual costs and are a not-to-exceed reimbursable amount.
- 2.7.3 Owner's Contingency are funds to be used at the sole discretion of the Owner. Owner's Contingency shall be added to the Contract Price, for approval by Council, to cover any increases in Project costs that result from Owner directed changes or unforeseen Site conditions. At the time that Owner's Contingency is used, the appropriate markups shall be applied.
- 2.7.4 GMP amendments are cumulative except for CMAR's Contingency. The amount of CMAR's Contingency for each GMP shall be negotiated separately.
- 2.7.5 CMAR, in preparing any GMP Proposal, shall obtain from the Design Professional, three sets of signed, sealed, and dated plans and specifications (including all addenda). CMAR shall prepare its GMP in

accordance with the City's request for GMP Proposal requirements based on the most current completed plans and specifications at that time. CMAR shall mark the face of each document of each set upon which its proposed GMP is based. These documents shall be identified as the GMP Plans and Specifications. CMAR shall send one set of those documents to the City's Representative, keep one set and return the third set to the Design Professional.

2.7.6 An updated/revised Project Master Schedule shall be included with any GMP Proposal(s) that reflects the GMP Plans and Specifications. Any such Project Master Schedule updates/revisions shall continue to comply with the requirements of Section 2.3 above.

2.7.6.1 The Project Master Schedule required above shall include a preliminary Construction Schedule developed in a Critical Path Method (CPM) with the first requested GMP. If subsequent GMP's are requested, CMAR shall include an updated CPM Construction Schedule with their GMP submittal.

2.7.7 GMP savings resulting from a lower actual Project cost than anticipated by CMAR remaining at the end of the project, shall revert to the City.

2.7.8 GMP Proposal(s) Review and Approval

2.7.8.1 The City may request a GMP from CMAR at any time during the Design Phase. It is the City's expectation that the GMP shall not exceed the City-stated Project budget.

2.7.8.2 CMAR shall meet with the City and Design Professional to review the GMP Proposal(s) and the written statement of its basis. In the event the City or Design Professional discovers inconsistencies, inaccuracies or confusion in the information presented, CMAR shall make adjustments as necessary to the GMP Proposal, its basis or both.

2.7.8.3 CMAR's detailed construction cost estimates and GMP shall be reviewed by the Design Professional and the City for reasonableness and compatibility with the City's Project and the City's budget. CMAR shall provide a response to the Design Professionals and City's questions and an explanation of differences between the City's Project budget and CMAR's construction cost estimate and corresponding GMP. City may require that such responses and explanations be submitted in writing. CMAR, City and Design Professional shall engage in a mutually agreeable process in an effort to achieve a clearly understood mutually acceptable GMP.

2.7.8.4 In the event that the GMP exceeds the City's Project budget, the City reserves the right to direct CMAR (and CMAR shall) work in conjunction with the Design Professional to assist in the redesign of the Project as necessary to meet the agreed upon program and the stated Project budget as follows:

- a) After direction from the City, CMAR shall coordinate and cooperate with the Project Team to assist the Design Professional in altering and re-drafting Construction Documents as necessary to accomplish the required reduction in cost.
- b) CMAR shall develop and provide to the City a GMP in connection with the altered Construction Documents to accomplish the necessary reductions in cost.
- c) CMAR shall analyze the Design Professional's original submittal and as altered and redrafted Construction Documents, and make recommendations to the City as to ways and methods to reduce the costs of constructing the Project to a sum which does not exceed the stated Project budget.

Notwithstanding anything in the RSOQ or CMAR's response to the contrary, CMAR shall perform the work set forth in this Section without additional compensation.

2.7.8.5 The City, upon receipt of any GMP proposal from CMAR, may submit the GMP Plans and Specifications to a third party for review and verification.

2.7.8.6 If CMAR GMP Proposal is greater than the third party estimate or if the City, for some other stated

reason may desire, the City may require CMAR to reconfirm its GMP Proposal. CMAR shall accept the third party's estimate for the cost of Work as part of its GMP Proposal, or present a report within seven (7) days of a written request by the City for such a report identifying, explaining and substantiating the differences and/or explaining other concerns the City may raise. CMAR may be requested to, or at its own discretion, submit a revised GMP Proposal for consideration by the City.

2.7.8.7 If during the review and negotiation of GMP Proposals design changes are required, the City shall authorize and cause the Design Professional to revise the Construction Documents to the extent necessary to reflect the agreed-upon assumptions and clarifications contained in the final approved GMP Proposal. Such revised Construction Documents shall be furnished to CMAR. CMAR shall promptly notify the Design Professional and City in writing if any such revised Construction Documents are inconsistent with the agreed-upon assumptions and clarifications.

2.7.8.8 After final submission of the GMP Proposal, the City may do any of the following:

- a) Accept CMAR original or revised GMP Proposal, if within the City's budget, without comment;
- b) Accept CMAR original or revised GMP Proposal that exceeds the City budget, and indicate in writing to CMAR that the Project Budget has been increased to fund the differences; or
- c) Reject CMAR original or revised GMP Proposal in which event, the City may terminate this Agreement and/or elect to not enter into a separate Agreement with CMAR for the construction phase associated with the scope of Work reflected in the GMP Proposal.

2.7.8.9 Upon acceptance by the City of a GMP Proposal, the City shall prepare and CMAR shall execute the City's specified form of Agreement to reflect the GMP, and the GMP as approved shall become part of the Construction Services Agreement. Within ten (10) days after execution of the Construction Services Agreement, CMAR shall provide to the City's Senior Procurement Specialist a Performance Bond and a Labor and Material Payment Bond, each for 100% of the full Agreement price.

2.8 SUBCONTRACTOR AND MAJOR SUPPLIER SELECTIONS

2.8.1 There are two ways to select Subcontractors and major Suppliers prior to submission of any GMP Proposal. They are:

- a) A combination of qualifications and price derived through competitive bidding; and
- b) Qualitative selection with the subsequent negotiation of a price that is reasonable, a prudent use of public funds and in the City's best interest.

Absent special circumstances documented in writing by CMAR as set forth below, the combination of qualifications and price derived through the competitive bidding process shall be used to select Subcontractors and major Suppliers. The City has the sole discretion as to whether or not to allow the purely qualitative selection of Subcontractors and Suppliers. In any event, CMAR shall ensure compliance with Arizona Revised Statutes § 34-603 et seq. as amended in 2005 and as it may be further amended relative to the selection of Subcontractors and major Suppliers.

2.8.2 The City may approve the selection of a Subcontractor(s) or Supplier(s) based only on their qualifications when CMAR can demonstrate, in writing, that it is in the best interest of the Project and that the selection process shall constitute a prudent use of public funds.

2.8.2.1 A purely qualification-based selection of a Subcontractor(s) or Supplier(s) shall only occur prior to the submittal of any applicable GMP Proposal.

2.8.2.2 CMAR shall prepare a Subcontractor or Supplier selection plan and submit the plan to the City for approval. CMAR shall apply the plan in the evaluation of the qualifications of a Subcontractor(s) or Supplier(s) and provide the City with its review and recommendation.

- 2.8.2.3 CMAR shall obtain City approval of the selected Subcontractor(s) or Supplier(s). If CMAR is to self-perform under this alternative, CMAR shall submit a detailed explanation and demonstration of the cost of the Work it shall self-perform. CMAR shall further provide documentation to demonstrate that for any Work that is self-performed, the cost of any such Work is a reasonable and prudent use of public funds. The City shall approve CMAR self-performance of any part of the Work and the cost therefore prior to accepting any GMP Proposal.
- 2.8.2.4 CMAR shall negotiate costs for services/supplies from each Subcontractor or Supplier selected under this method.
- 2.8.2.5 Within three (3) days of negotiating cost for services/supplies from all Subcontractors or Suppliers selected under this method, CMAR shall then prepare a report for the City's approval identifying the recommended Subcontractor or Supplier for each category of the Work to be performed. The report shall be in a format approved by the City's Representative and shall include, among other things, the amount of each such cost. CMAR shall, at its discretion or at the request of the City's Representative, request written verification of any costs selected. CMAR shall provide an explanation of the qualifying factors for each selection.
- 2.8.3 In all other cases, CMAR shall select Subcontractors and major Suppliers pursuant to the following process, which includes a combination of qualifications and price, derived through competitive bidding or as may otherwise be agreed in writing by the parties. CMAR shall ensure that any such process is fully compliant with the above-referenced Arizona law.
- 2.8.3.1 CMAR shall develop Subcontractor interest, submit the names of a minimum of three (3) qualified Subcontractors selected pursuant to a qualifications-based procedure, for each trade in the Project for approval by the City and solicit bids for the various construction categories. If there are not three (3) qualified Subcontractors available for a specific trade or there are extenuating circumstances warranting such, CMAR may request approval by the City to submit less than three (3) names. Without prior written approval by the City, no change in the City-approved Subcontractors shall be allowed.
- 2.8.3.2 If CMAR desires to self-perform certain portions of the Work, it shall comply with, and be subject to, the requirements set forth in Subsection 2.8.2.3 above.
- 2.8.3.3 If the City objects to any nominated Subcontractor or to any nominated self-performed Work for good reason, CMAR shall nominate a substitute Subcontractor.
- 2.8.3.4 CMAR shall distribute drawings and specifications, and when appropriate, conduct a pre-bid conference with prospective Subcontractors.
- 2.8.3.5 CMAR shall receive, open, record and evaluate the bids. The apparent low bidders shall be interviewed to determine the responsiveness of their proposals. In evaluating the responsiveness of bid proposals, CMAR, in addition to bid price, shall consider the following factors: past performance on similar projects, qualifications and experience of personnel assigned, quality management plan, approach or understanding of the Work to be performed, and performance schedule to complete the Work. The final evaluation of Subcontractor bids shall be done with the City representative in attendance to observe and witness the process. CMAR shall resolve any Subcontractor bid withdrawal, protest or disqualification in connection with the award at no increase in the cost of the Work.
- 2.8.4 Upon completion of the Subcontractor selection process, CMAR shall submit a summary report to the City of the entire Subcontractor selection process. The report shall indicate, by bid process, all Subcontractors contacted to determine interest, the Subcontractors solicited, the bids received and costs negotiated, compliance with Arizona law as cited in Subsection 2.8.1 above and the selected Subcontractors for each category of Work.
- 2.8.5 The selected Subcontractors shall provide a schedule of values, which shall be used to create the overall Project schedule of values.

- 2.8.6 CMAR shall employ only Subcontractors who are duly licensed in Arizona and qualified to perform the Work per the requirements of the Contract Documents.
- 2.8.7 Regardless of the selection procedure, CMAR is responsible for ensuring that the costs of the Subcontractor's and/or Supplier's services are reasonable and a prudent use of public funds.
- 2.8.8 Regardless of the selection procedure and in any case, CMAR is solely responsible for the cost and performance of the selected Subcontractors or Suppliers. The City's approvals under this section are not and shall not be construed to be a waiver, in part or in whole, of CMAR's responsibility and obligation to perform as set forth in this Agreement or any subsequent construction agreement or GMP and for the cost, or less than the cost, set forth in any GMP to which the parties agree.

ARTICLE 3 – PERIOD OF SERVICES

- 3.1 The design phase services described in this Agreement shall be performed by CMAR in accordance with the most current updated/revised Project Master Schedule. Failure on the part of CMAR to adhere to the Project Master Schedule requirements for activities for which it is responsible shall be sufficient grounds for termination of this Agreement by the City.
- 3.1.1 Upon failure to adhere to the approved Project Master Schedule, the City may provide written notice to CMAR that it intends to terminate this Agreement unless the problem cited is cured, or commenced to be cured, within three (3) days of CMAR's receipt of such notice.
- 3.2 If the date of performance of any obligation or the last day of any time period provided for herein should fall on a Saturday, Sunday, or holiday for the City, then said obligation shall be due and owing, and said time period shall expire, on the first day thereafter which is not a Saturday, Sunday or legal City holiday. Except as may otherwise be set forth herein, any performance provided for herein shall be timely made if completed no later than 4:00 p.m. (Flagstaff time) on the day of performance.

ARTICLE 4 – CONTRACT AMOUNT AND PAYMENTS

4.1 CONTRACT AMOUNT

- 4.1.1 Based on the design phase services fee proposal submitted by CMAR and accepted by the City (which by reference is made a part of this Agreement); the City shall pay CMAR a fee not to exceed \$76,147.50 as follows:

For the basic services described in Article 2, CMAR shall receive a fee not to exceed:	\$76,147.50
<u>Additional services and allowances</u> , as described in Section 4.3:	
Contingency (Inclusive)	\$7,000.00
Total Contract Amount, not to exceed:	<u>\$76,147.50</u>

4.2 PAYMENTS

- 4.2.1 Requests for monthly payments by CMAR for design phase services shall be submitted on the City's "Contract Payment Request" form and shall be accompanied by a progress report, detailed invoices and receipts, if applicable. Any requests for payment shall include, as a minimum, a narrative description of the tasks accomplished during the billing period, a listing of any Deliverables submitted, and copies of any Subconsultants' associated with their Work. Payment for services negotiated as a lump sum shall be made in accordance with the percentage of Work completed during the preceding month. Services negotiated as a not-to-exceed fee shall be paid in accordance with the Work effort expended on that service during the preceding month. □ requests to
- 4.2.2 Fees for CMAR and any Subconsultants shall be based upon the Hourly Rate Schedule included as Exhibit "B" attached hereto.
- 4.2.3 CMAR shall pay all sums due Subconsultants for services and reimbursable expenses within fourteen (14) calendar days after CMAR has received payment for those services from the City. In no event shall the City pay more than ninety percent (90%) of the Contract Amount until final acceptance of all design phase services, and award of the final approved GMP for the entire Project by City Council.
- 4.2.4 CMAR agrees that no charges or claims for costs or damages of any type shall be made by it for any delays or hindrances beyond the reasonable control of the City during the progress of any portion of the services specified in this Agreement. Such delays or hindrances, if any, shall be solely compensated for by an extension of time for such reasonable period as may be mutually agreed between the parties. It is understood and agreed, however, that permitting CMAR to proceed to complete any services, in whole or in part after the date to which the time of completion may have been extended, shall in no way act as a waiver on the part of the City of any of its legal rights herein.
- 4.2.5 No compensation to CMAR shall be allowed contrary to Article I, Chapter I, Title 34 of the Arizona Revised Statutes.
- 4.2.6 If any service(s) executed by CMAR is delayed or suspended in whole or in part, for a period of more than one hundred eighty (180) days through no fault of CMAR, CMAR shall be paid for the services performed prior to the delay or suspension.

4.3 ADDITIONAL DESIGN PHASE SERVICES

- 4.3.1 CMAR may be required to provide services in excess of those set forth in Article 2. Mark-ups are not authorized and only the reimbursables specifically identified below shall be reimbursed as authorized herein. Any additional services shall be requested by the City, in writing, prior to the delivery of said services. There shall be no payment by the City for any additional services provided prior to or without the written request of the City for said services.
- 4.3.2 When authorized by the City, CMAR shall be entitled to reimbursement at cost of design phase services related expenses incurred for the following items:
- (a) Reasonable charges for air transportation (not to exceed standard coach rates), ground travel (for automobile rental, taxi, parking, etc. not to exceed \$50 per day), and authorized expenses while traveling (not to exceed the corporate rate at major business hotels in the area and a per diem for meal and miscellaneous business expenses of \$45) shall be reimbursed. CMAR shall provide detailed receipts for all reimbursable charges. Travel expenses shall not exceed \$ N/A without further approval of the City.
 - (b) Long-distance telephone and long-distance facsimile costs incurred on behalf of the Project shall be reimbursed. These costs shall not exceed \$ N/A without further approval of the City.

- (c) Non-overhead printing expenses incurred including the printing of Construction Documents for bidding, courier services or other Project-related services that may be requested by the City. The cost of such service shall not exceed \$ N/A (reimbursable allowance) without further approval by the City.

ARTICLE 5 - CITY'S RESPONSIBILITIES

- 5.1 The City, at no cost to CMAR, shall furnish the following information:
 - 5.1.1 One (1) copy of data the City determines pertinent to the work. However, CMAR shall be responsible for searching the records and requesting information it deems reasonably required for the Project.
 - 5.1.2 All available data and information pertaining to relevant policies, standards, criteria, studies, etc.
 - 5.1.3 The name of the person designated to be the City's representative during the term of this Agreement. The City's Representative has the authority to administer this Agreement and shall monitor CMAR's compliance with all terms and conditions stated herein. All requests for information from or decisions by the City on any aspect of the work or Deliverables shall be directed to the City's Representative.
- 5.2 The City additionally shall:
 - 5.2.1 Contract separately, with one or more design professionals, to provide architectural and/or engineering design services for the Project. The scope of services for the Design Professional shall be provided to CMAR for its information. CMAR shall have no right, to limit or restrict any changes of such services that are otherwise mutually acceptable to the City and Design Professional.
 - 5.2.2 Supply, without charge, all necessary copies of programs, reports, drawings, and specifications reasonably required by CMAR except for those copies whose cost has been reimbursed by the City.
 - 5.2.3 Provide CMAR with adequate information in its possession or control regarding the City's requirements for the Project.
 - 5.2.4 Give prompt written notice to CMAR when the City becomes aware of any default or defect in the Project or non-conformance with the Drawings and Specifications, or any of the services required hereunder. Upon notice of failure to perform, the City may provide written notice to CMAR that it intends to terminate this Agreement unless the problem cited is cured, or commenced to be cured, within three (3) days of CMAR's receipt of such notice.
 - 5.2.5 Notify CMAR of changes affecting the budget allocations or schedule.
- 5.3 The City's Representative, shall have authority to approve the Project Budget and Project Master Schedule, and render decisions and furnish information the City's Representative deems appropriate to CMAR.

ARTICLE 6 – AGREEMENT CONDITIONS

6.1 PROJECT DOCUMENTS AND COPYRIGHTS

- 6.1.1 City Ownership of Project Documents: All work products (electronically or manually generated) including but not limited to: cost estimates, studies, design analyses, original mylar drawings, Computer Aided Drafting and Design (CADD) file diskettes, and other related documents which are prepared specifically in the performance of this Agreement (collectively referred to as Project Documents) are to be and remain the property of the City and are to be delivered to the City's Representative before the final payment is made to CMAR. Nonetheless, in the event these Projects Documents are altered, modified or adapted without the written consent of CMAR, which consent CMAR shall not unreasonably withhold, the City agrees to hold CMAR harmless to the extent permitted by law, from the legal liability

arising out of and or resulting from the City's alteration, modification or adaptation of the Project Documents.

- 6.1.2 CMAR to Retain Copyrights: The copyrights, patents, trade secrets or other intellectual property rights associated with the ideas, concepts, techniques, inventions, processes or works of authorship developed or created by CMAR, its Subconsultants or personnel, during the course of performing this Agreement or arising out of the Project shall belong to CMAR.
- 6.1.3 License to City for Reasonable Use: CMAR hereby grants, and shall require its Subconsultants to grant, a license to the City, its agents, employees, and representatives for an indefinite period of time to reasonably use, make copies, and distribute as appropriate the Project Documents, works or Deliverables developed or created for the Project and this Agreement. This license shall also include the making of derivative works. In the event that the derivative works require the City to alter or modify the Project Documents, then Subsection 6.1.1 above applies.
- 6.1.4 Documents to Bear Seal: When applicable and required by state law, CMAR and its Subconsultants shall endorse by an Arizona professional seal all plans, works, and Deliverables prepared by them for this Agreement.
- 6.1.5 Records Inspection: The City and its employees, agents, and authorized representatives shall have the right at all reasonable times and during all business hours to inspect and examine CMAR's records related to this Agreement.
- 6.1.6 Record Retention: CMAR shall comply with the City's record retention policy with regard to all records associated with the Project. This record retention requirement shall remain in effect following expiration of the Agreement or termination of the Agreement by either Party.

6.2 COMPLETENESS AND ACCURACY OF CMAR'S WORK

CMAR shall be responsible for the completeness and accuracy of its reviews, reports, supporting data, and other design phase Deliverables prepared or compiled pursuant to its obligations under this Agreement and shall at its sole expense correct its work or Deliverables. Any damage incurred by the City as a result of additional construction cost caused by such willful or negligent errors, omissions or acts shall be chargeable to CMAR to the extent that such willful or negligent errors, omissions and acts fall below the standard of care and skill that a professional CMAR in Flagstaff, Arizona would exercise under similar conditions. The fact that the City has accepted or approved CMAR's work or Deliverables shall in no way relieve CMAR of any of its responsibilities under this Agreement, nor does this requirement to correct the work or Deliverables constitute a waiver of any claims or damages otherwise available by law or Agreement to the City. Correction of errors, omissions and acts discovered on architectural or engineering plans and specifications shall be the responsibility of the Design Professional.

6.3 ALTERATION IN CHARACTER OF WORK

- 6.3.1 In the event an unanticipated or unforeseen alteration or modification in the character of Work or Deliverables results in a substantial change in this Agreement, thereby materially increasing or decreasing the scope of services, cost of performance, or Project Master Schedule, the Work or Deliverables shall nonetheless be performed as directed by the City. However, before any altered or modified Work begins, a Change Order or Amendment shall be approved and executed by the City and CMAR. Such Change Order or Amendment shall not be effective until approved by the City.
- 6.3.2 Additions to, modifications, or deletions from the Project provided herein may be made, and the compensation to be paid to CMAR may accordingly be adjusted by mutual agreement of the contracting parties.

- 6.3.3 No claim for extra work done, or materials furnished, by CMAR shall be allowed by City except as provided herein, nor shall CMAR do any work or furnish any material(s) not covered by this Agreement unless such work or material is first authorized in writing. Work or material(s) furnished by CMAR without such prior written authorization shall be at CMAR's sole jeopardy, cost, and expense, and CMAR hereby agrees that without prior written authorization no claim for compensation for such work or materials furnished shall be made.

6.4 DATA CONFIDENTIALITY

- 6.4.1 As used in this Agreement, data ("**Data**") means all information, whether written or verbal, including plans, photographs, studies, investigations, audits, analyses, samples, reports, calculations, internal memos, meeting minutes, data field notes, work product, proposals, correspondence and any other similar documents or information prepared by or obtained by CMAR in the performance of this Agreement.
- 6.4.2 The parties agree that all Data, including originals, images, and reproductions, prepared by, obtained by, or transmitted to CMAR in connection with CMAR's performance of this Agreement is confidential and proprietary information belonging to the City.
- 6.4.3 CMAR shall not divulge Data to any third party without prior written consent of the City. CMAR shall not use the Data for any purposes except to perform the services required under this Agreement. These prohibitions shall not apply to the following Data:
- 6.4.3.1 Data, which was known to CMAR prior to its performance under this Agreement unless such data was acquired in connection with work performed for the City;
- 6.4.3.2 Data which was acquired by CMAR in its performance under this Agreement and which was disclosed to CMAR by a third party, who to the best of CMAR's knowledge and belief, had the legal right to make such disclosure and CMAR is not otherwise required to hold such data in confidence; or
- 6.4.3.3 Data which is required to be disclosed by CMAR by virtue of law, regulation, or court.
- 6.4.4 In the event CMAR is required or requested to disclose Data to a third party, or any other information to which CMAR became privy as a result of any other Agreement with the City, CMAR shall first notify the City as set forth in this Article of the request or demand for the Data. CMAR shall timely give the City sufficient facts, such that the City can have a meaningful opportunity to either first give its consent or take such action that the City may deem appropriate to protect such Data or other information from disclosure.
- 6.4.5 CMAR, unless prohibited by law, within ten (10) calendar days after completion of services for a third party on real or personal property owned or leased by the City, shall promptly deliver, as set forth in this section, a copy of all Data to the City. All Data shall continue to be subject to the confidentiality agreements of this Agreement.
- 6.4.6 CMAR assumes all liability for maintaining the confidentiality of the Data in its possession and agrees to compensate the City if any of the provisions of this section are violated by CMAR, its employees, agents or Subconsultants. Solely for the purposes of seeking injunctive relief, it is agreed that a breach of this section shall be deemed to cause irreparable harm that justifies injunctive relief in court.

6.5 PROJECT STAFFING

- 6.5.1 Prior to the start of any work or Deliverables under this Agreement, CMAR shall submit to the City, an organization chart for CMAR staff and Subconsultants and detailed resumes of key personnel listed in its response to the City's Request for Qualifications or subsequent fee proposals (or revisions thereto), that shall be involved in performing the services prescribed in this Agreement. Unless otherwise informed, the City hereby acknowledges its acceptance of such personnel to perform such services

under this Agreement. In the event CMAR desires to change such key personnel from performing such services under this Agreement, CMAR shall submit the qualifications of the proposed substituted personnel to the City for prior approval. Key personnel shall include, but are not limited to, principal-in-charge, project manager, superintendent, project director or those persons specifically identified to perform services of cost estimating, scheduling, value engineering, and procurement planning.

- 6.5.2 CMAR shall maintain an adequate number of competent and qualified persons, as determined by the City, to ensure acceptable and timely completion of the scope of services described in this Agreement throughout the period of those services. If the City objects, with reasonable cause, to any of CMAR's staff, CMAR shall take prompt corrective action acceptable to the City and, if required, remove such personnel from the Project and replace with new personnel acceptable to the City.

6.6 INDEPENDENT CONTRACTOR

- 6.6.1 CMAR is and shall be an independent contractor and whatever measure of control the City exercises over the work or Deliverables pursuant to this Agreement shall be as to the results of the work only. No provision in this Agreement shall give, or be construed to give, the City the right to direct CMAR as to the details of accomplishing the work or Deliverables. These results shall comply with all applicable laws and ordinances.

6.7 SUBCONSULTANTS

- 6.7.1 Prior to beginning the work or Deliverables, CMAR shall furnish, for the City's approval, the names of all Subconsultants to be used on this Project. All subsequent changes shall be subject to the approval of the City.

6.8 TERMINATION

- 6.8.1 The City and CMAR hereby agree to the full performance of the covenants contained herein, except that the City reserves the right, at its discretion and without cause, to terminate any or all services provided for in this Agreement, or terminate any portion of the Project for which services have been performed by CMAR.
- 6.8.2 In the event the City terminates any or all of the services or any part of the services as herein provided, the City shall so notify CMAR in writing, and CMAR shall immediately after receiving such notice, discontinue advancing the Work specified under this Agreement and mitigate the expenditure, if any, of costs resulting from such termination.
- 6.8.3 CMAR, upon such termination, shall promptly deliver to the City all reports, estimates and other work or Deliverables entirely or partially completed, together with all unused materials supplied by the City.
- 6.8.4 CMAR shall appraise the work completed and submit an appraisal to the City for evaluation. The City shall have the right to inspect CMAR's Work or Deliverables to appraise the Work completed.
- 6.8.5 CMAR shall receive compensation in full for services satisfactorily performed to the date of such termination and the reasonable direct costs and direct expenses attributable to such termination. The fee shall be paid in accordance with Article 4 of this Agreement, and shall be an amount mutually agreed upon by CMAR and the City. If there is no mutual agreement, the final determination shall be made in accordance with Section 6.9, "Disputes". However, in no event shall the fee exceed that set forth in Article 4 or as amended in accordance with Section 6.3 above, "Alteration in Character of Work". The City shall make the final payment within sixty (60) days after CMAR has delivered the last of the partially or otherwise completed Work items and the final fee has been agreed upon.

6.9 DISPUTE AVOIDANCE AND RESOLUTION

- 6.9.1 The parties are fully committed to working with each other throughout the Project and agree to communicate regularly with each other at all times so as to avoid or minimize disputes or disagreements. If disputes or disagreements do arise, CMAR and City each commit to resolving such disputes or disagreements in an amicable, professional and expeditious manner so as to avoid unnecessary losses, delays and disruptions to the Work.
- 6.9.2 CMAR and the City shall first attempt to resolve disputes or disagreements at the field level through discussions between CMAR's Representative and the City's Representative.
- 6.9.3 If a dispute or disagreement cannot be resolved through CMAR's Representative and the City's Representative, CMAR's Senior Representative and the City's Senior Representative, upon the request of either party, shall meet as soon as conveniently possible, but in no case later than thirty (30) days after such a request is made, to attempt to resolve such dispute or disagreement. Prior to any meetings between the Senior Representatives, the parties shall exchange relevant information that shall assist the parties in resolving their dispute or disagreement.
- 6.9.4 Except as otherwise agreed by the parties, any litigation brought by either party against the other to enforce the provisions of this Agreement shall be filed in the Coconino County Superior Court and Arizona law shall apply and control. In the event any action at law or in equity is instituted between the parties in connection with this Agreement, the prevailing party in the action shall be entitled to its costs including reasonable attorneys' fees and court costs from the non-prevailing party.

6.10 WITHHOLDING PAYMENT

- 6.10.1 The City reserves the right to withhold funds from the City's progress payments up to the amount equal to the claims the City may have against CMAR, until such time that a settlement on those claims has been reached.

6.11 RECORDS/AUDIT

- 6.11.1 Records of CMAR's direct personnel payroll, reimbursable expenses pertaining to the Project and records of accounts between the City and CMAR shall be kept on a generally recognized accounting basis and shall be available for up to three (3) years following final completion of the Project. The City, its authorized representative, and/or the appropriate federal agency, reserve the right to audit CMAR's records to verify the accuracy and appropriateness of all pricing data, including data used to negotiate this Agreement and any Change Orders. The City reserves the right to decrease Contract Amount and/or payments made on this Agreement if, upon audit of CMAR's records, the audit discloses CMAR has provided false, misleading, or inaccurate cost and pricing data.
- 6.11.2 CMAR shall include a provision similar to Subsection 6.11.1 above in all of its agreements with Subconsultants, Subcontractors, and Suppliers providing services under this Agreement to ensure the City, its authorized representative, and/or the appropriate federal agency, has access to the Subconsultants', Subcontractors', and Suppliers' records to verify the accuracy of cost and pricing data. The City reserves the right to decrease Contract Amount and/or payments made on this Agreement if the above provision is not included in Subconsultant, Subcontractor, and Supplier Agreements, and one or more of those parties do not allow the City to audit their records to verify the accuracy and appropriateness of pricing data.

6.12 INDEMNIFICATION

- 6.12.1 To the fullest extent permitted by law, Contractor shall indemnify, save and hold harmless the City of Flagstaff and its officers, officials, agents, and employees from and against all liabilities, damages, losses and costs, including reasonable attorney fees and court costs, but only to the extent caused by the negligence, recklessness or intentional wrongful conduct of the Contractor, subcontractor, design professional or other persons employed or used by Contractor, subcontractor or design professional in

the performance of the Contract. The amount and type of insurance coverage required under the Contract shall in no way be construed as limiting the scope of this indemnification provision. This indemnification provision shall survive termination or expiration of the Contract.

6.13 NOTICES

- 6.13.1 Many notices or demands required to be given, pursuant to the terms of this Agreement, may be given to the other Party in writing, delivered in person, sent by facsimile transmission, emailed, deposited in the United States mail, postage prepaid, or deposited with any commercial air courier or express service at the addresses set forth below, or to such other address as the Parties may substitute by written notice, given in the manner prescribed in this paragraph. However, notices of termination, notices of default and any notice regarding warranties shall be sent via registered or certified mail, return receipt requested at the address set forth below **and** to legal counsel for the party to whom the notice is being given.

To City:	Patrick Brown, Senior Procurement Specialist City of Flagstaff 211 West Aspen Avenue Flagstaff, Arizona 86001
To CMAR	Marco Spagnuolo, CEO Eagle Mountain Construction 3100 N. Caden Ct. Flagstaff, Arizona 86004
Copy to City:	Eli Reisner, Project Manager City of Flagstaff 211 West Aspen Avenue Flagstaff, Arizona 86001
Copy to: Design Professional (if applicable)	Dan Burke, P.E. The WLB Group 500 N. Beaver Street Flagstaff, Arizona 86001

Or to other such place and with such other copies as either party may designate as to itself by written notice to the other party. Rejection, any refusal to accept, or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice as of the date of such rejection, refusal, or inability to deliver.

6.14 COMPLIANCE WITH ALL LAWS

- 6.14.1 CMAR will comply with all applicable Federal, State, County and City laws, regulations and policies, including but not limited to the mandatory statutory provisions in Exhibit __, attached and made a part of this Agreement. CMAR understands and acknowledges the applicability of the Americans with Disabilities Act, the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989. CMAR agrees to comply with these laws in performing the Contract Documents and to permit the City to verify such compliance.

6.15 CONFLICT OF INTEREST

- 6.15.1 To evaluate and avoid potential conflicts of interest, CMAR shall provide written notice to the City, as set forth in this section, of any work or services performed by CMAR for third parties that may involve or be associated with any real property or personal property owned or leased by the City. Such notice shall be given at least seven (7) business days prior to commencement of the Project by CMAR for a third party,

or at least seven (7) business days prior to an adverse action as defined below. Written notice and disclosure shall be sent to:

Patrick Brown, C.P.M.
Senior Procurement Specialist
City of Flagstaff
211 West Aspen Avenue
Flagstaff, Arizona 86001

6.15.2 Actions considered to be adverse to the City under this Agreement include but are not limited to:

- (a) Using Data, as defined in this Agreement, acquired in connection with this Agreement to assist a third party in pursuing administrative or judicial action against the City;
- (b) Testifying or providing evidence on behalf of any person in connection with an administrative or judicial action against the City; and
- (c) Using Data to produce income for CMAR or its employees independently of performing the services under this Agreement, without the prior written consent of the City.

6.15.3 CMAR represents that except for those persons, entities and projects previously identified in writing to the City, the services to be performed by CMAR under this Agreement are not expected to create an interest with any person, entity, or third party project that is or may be adverse to the interests of the City.

6.15.4 CMAR's failure to provide a written notice and disclosure of the information as set forth in this section shall constitute a material breach of this Agreement.

6.16 CONTRACTOR'S LICENSE

6.16.1 Prior to award of this Agreement, CMAR shall provide to the City's Senior Procurement Specialist, its Contractor's License Classification and number and its Federal Tax I.D. number.

6.17 SUCCESSORS AND ASSIGNS

6.17.1 The City and CMAR and their partners, successors, assigns, and legal representatives shall each be bound to the other party to this Agreement and to the partners, successors, assigns, and legal representatives of such other party in respect to all covenants of this Agreement. Neither the City nor CMAR shall assign, sublet, or transfer its interest in this Agreement without the written consent of the other. In no event shall any contractual relationship be created or be construed to be created as between any third party and the City. Notwithstanding the City's consent to assignment, CMAR as Assignor, and the Assignee shall both remain liable under all rights, obligations, terms, and conditions of this Agreement.

6.18 FORCE MAJEURE

6.18.1 If either party is delayed or prevented from the performance of any service, in whole or part, required under this Agreement by reason of acts of God or other cause beyond the control and without fault of that party (financial inability excepted), performance of that act shall be excused, but only for the period of the delay. The time for performance of the act shall be extended for a period equivalent to the period of delay.

6.19 COVENANT AGAINST CONTINGENT FEES

6.19.1 CMAR warrants that no person has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, and that

no member of the City Council, or any employee of the City has any interest, financially, or otherwise, in CMAR. The City shall in the event of the breach or violation of this warranty, have the right to annul this Agreement without liability, or at its discretion to deduct from the Contract Amount or consideration, the full amount of such commission, percentage, brokerage, or contingent fee.

6.20 NON-WAIVER PROVISION

- 6.20.1 The failure of either party to enforce any of the provisions of this Agreement or to require performance by the other party of any of the provisions hereof shall not be construed to be a waiver of such provisions, nor shall it affect the validity of this Agreement or any part thereof, or the right of either party to thereafter enforce each and every provision.

6.21 JURISDICTION

- 6.21.1 This Agreement shall be deemed to be made under, and shall be construed in accordance with, and governed by the laws of the State of Arizona, without regard to the conflicts or choice of law provisions thereof. An action to enforce any provision of this Agreement or to obtain any remedy with respect hereto shall be brought in the Superior Court, Coconino County, Arizona, and for this purpose, each party hereby expressly and irrevocably consents to the jurisdiction and venue of such Court.

6.22 SURVIVAL

- 6.22.1 All warranties, representations and indemnifications by CMAR shall survive the completion or termination of this Agreement.

6.23 MODIFICATION

- 6.23.1 No supplement, modification, or amendment of any term of this Agreement shall be deemed binding or effective unless in writing and signed by the parties hereto and in conformation with provisions of this Agreement, except as expressly provided herein to the contrary.

6.24 SEVERABILITY

- 6.24.1 If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

6.25 INTEGRATION

- 6.25.1 This Agreement contains the full agreement of the parties hereto. Any prior or contemporaneous written or oral agreement between the parties regarding the subject matter hereof is merged and superseded hereby.

6.26 TIME IS OF THE ESSENCE

- 6.26.1 Time of each of the terms, covenants, and conditions of this Agreement is hereby expressly made of the essence.

6.27 THIRD PARTY BENEFICIARY

- 6.27.1 This Agreement shall not be construed to give any rights or benefits in the Agreement to anyone other than the City and CMAR. All duties and responsibilities undertaken pursuant to this Agreement shall be for the sole and exclusive benefit of the City and CMAR and not for the benefit of any other party.

6.28 COOPERATION AND FURTHER DOCUMENTATION

- 6.28.1 CMAR agrees to provide the City such other duly executed documents as may be reasonably requested by the City to implement the intent of this Agreement.

6.29 CONFLICT IN LANGUAGE

6.29.1 All Work or Deliverables performed shall conform to all applicable City codes, ordinances and requirements as outlined in this Agreement. If there is a conflict in interpretation between provisions in this Agreement and any Exhibits, the provisions in this Agreement shall prevail.

6.30 CANCELLATION FOR CONFLICT OF INTEREST

6.3.1 All parties hereto acknowledge that this Agreement is subject to cancellation for conflict of interest by the City pursuant to the provisions of Section 38-511, Arizona Revised Statutes.

6.31 CONFIDENTIALITY OF PLANS & SPECIFICATIONS

6.31.1 Any plans or specifications received by CMAR regarding the Project are for official use only. CMAR may not share them with others except as required to fulfill Agreement obligations with the City.

ARTICLE 7 - INSURANCE

CMAR shall procure and maintain for the duration of this Agreement, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the Work or Deliverables hereunder by CMAR, its agents, representatives, employees, Subconsultants, Subcontractors, and/or Suppliers. Insurance requirements related to any construction Work done during the design phase or during the construction phase shall be defined in a separate Agreement associated with the construction phase. CMAR shall cause all Subcontracts to contain identical terms and conditions to those included in this Article.

The insurance requirements herein are minimum requirements for this Agreement and in no way limit the indemnity covenants that might arise out of the performance of the Work or Deliverables under this Agreement by CMAR, its agents, representatives, employees, Subconsultants, Subcontractors, or Suppliers and CMAR is free to purchase such additional insurance as it may determine necessary.

7.1 MINIMUM SCOPE AND LIMITS OF INSURANCE

7.1.1 CMAR shall provide coverage at least as broad and with limits of liability not less than those stated below.

7.1.1.1 Commercial General Liability-Occurrence Form

General Aggregate/per project	\$2,000,000/\$1,000,000
Products-Completed Operations Aggregate	\$1,000,000
Each Occurrence	\$1,000,000

7.1.1.2 Automobile Liability-Any Auto or Owned, Hired and Non-Owned Vehicles

Combined Single Limit Per Accident for Bodily Injury and Property Damage	\$1,000,000
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The policy shall be endorsed to include the following additional insured language: **"The City of Flagstaff shall be named as an additional insured with respect to liability arising out of the activities performed by, or on behalf of CMAR, including automobiles owned, leased, hired or borrowed by CMAR."**

7.1.1.3 Workers Compensation and Employers Liability

The CMAR shall carry Workers' Compensation insurance to cover obligations imposed by federal and state statutes.

Additional Insured Status. The insurance coverage, except Workers' Compensation, required by this Agreement, shall name the CITY, its agents, representatives, directors, officials, employees, and officers, as additional insured AND be accompanied by the required endorsement. Such evidence of additional insured status shall be subject to the approval of the Risk Management Department of the City of Flagstaff. The absence of acceptable insurance and endorsement shall be deemed a breach of this agreement.

- 7.1.2 Self-Insured Retentions Any self-insured retentions and deductibles greater than \$10,000 shall be declared to and approved by the City.

7.2 OTHER INSURANCE REQUIREMENTS

- 7.2.1 The Commercial General Liability and Automobile Liability policies are to contain, or be endorsed to contain, the following provisions:
- 7.2.1.1 The City, its officers, officials, agents, and employees, are to be named as additional insureds with respect to liability arising out of: activities performed by or on behalf of CMAR, including the City's general supervision of CMAR; products and completed operations of CMAR; and automobiles owned, leased, hired or borrowed by CMAR.
- 7.2.1.2 The Commercial General Liability Insurance shall contain broad form contractual liability coverage and shall not exclude liability arising out of the explosion, collapse or underground hazard ("EXU").
- 7.2.1.3 The City, its officers, officials, agents, and employees shall be additional insureds to the full limits of liability purchased by CMAR, even if those limits of liability are in excess of those required by this Agreement. The Commercial General Liability additional insured endorsement shall be at least as broad as the Insurance Service Office, Inc.'s Additional Insured, Form B CG 20 10 11 85.
- 7.2.2 CMAR's insurance coverage shall be primary insurance with respect to the City, its officers, officials, agents, and employees. Insurance or self-insurance maintained by the City, its officers, officials, agents, and employees shall be in excess of CMAR's insurance and shall not contribute to it.
- 7.2.3 CMAR's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. The coverage provided by CMAR and its Subcontractors shall not be limited to the liability assumed under the indemnification provisions of this Agreement.
- 7.2.4 The policies shall contain a waiver of subrogation against the City, its officers, officials, agents, and employees for losses arising from Work performed for the City.
- 7.2.5 Workers' Compensation and Employers Liability policies are to contain, or be endorsed to contain, the following: The insurer shall agree to waive all rights of subrogation against the City, its officers, officials, agents, and employees for losses arising from work performed for the City.

7.3 SUBCONSULTANT INSURANCE

- 7.3.1 CMAR's certificate(s) shall include all Subcontractors as insureds under its policies. All coverages for Subcontractors shall be subject to the minimum requirements identified above.

7.4 NOTICE OF CANCELLATION

- 7.4.1 Each insurance policy required by the insurance provisions of this Agreement shall provide the required

coverage and not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice has been given, by certified mail, return receipt requested to:

Patrick Brown, C.P.M.
Senior Procurement Specialist
The City of Flagstaff
211 West Aspen Avenue
Flagstaff, Arizona 86001

7.5 ACCEPTABILITY OF INSURERS

- 7.5.1 Insurance is to be placed with insurers duly licensed companies in the State of Arizona, and with an A.M. Best's rating of no less than A-,7, or as approved by the City and licensed in the State of Arizona with policies and forms satisfactory to the City. The City in no way warrants that the above required minimum insurer rating is sufficient to protect CMAR from potential insurer insolvency.

7.6 VERIFICATION OF COVERAGE

- 7.6.1 CMAR shall furnish the City, Certificates of Insurance (ACORD form or equivalent approved by the City) with original endorsements effecting coverage as required by this Agreement. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. Any policy endorsement(s) that restricts or limits coverages shall be clearly noted on the Certificate of Insurance.
- 7.6.2 All certificates and endorsements are to be received and approved by the City before work commences. Each insurance policy required by this Agreement shall be in effect at or prior to the earlier of commencement of work under this Agreement or signing of this Agreement, and remain in effect for the duration of the Project. Failure to maintain the insurance policies as required by this Agreement or to provide evidence of renewal shall constitute a material breach of this Agreement.
- 7.6.3 All Certificates of Insurance required by this Agreement shall be sent directly to the Contracts Division. The Project Number and Project description shall be included on the Certificates of Insurance. The City reserves the right to require complete, certified copies of all insurance policies required by this Agreement at any time.

7.7 APPROVAL

- 7.7.1 Any modification or variation from the insurance requirements in this Agreement shall be approved by the City Attorney's Office, whose decision shall be final. Such action shall not require a formal Agreement amendment, but may be made by administrative action.

This Agreement shall be in full force and effect only when it has been approved and executed by the duly authorized City officials.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on _____.

THE CITY OF FLAGSTAFF, ARIZONA,

Eagle Mountain Construction

By: _____
Josh Copley
City Manager

By: _____
Title: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

EXHIBIT A – SCOPE AND FEE

Following is a brief description of the Project for which the design phase service services specified in this Agreement are to be performed:

See attached Scope of Work dated August 19, 2016.